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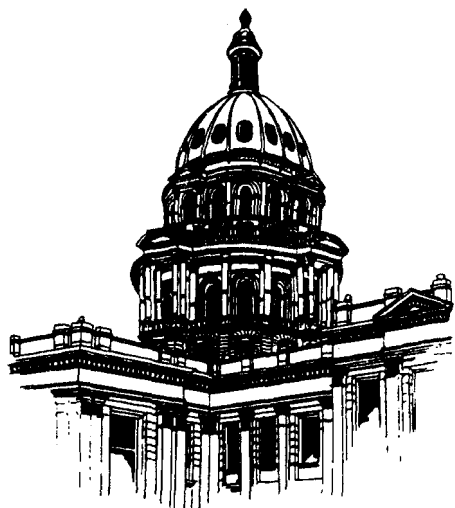
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Joint Review

Committee for the

Medically Indigent

Report to the
COLORADO
GENERAL ASSEMBLY

Colorado Legislative Council
Research Publication No. 383
December 1993

RECOMMENDATIONS FOR 1994

**JOINT REVIEW COMMITTEE
FOR THE MEDICALLY INDIGENT**

**Report to the
Colorado General Assembly**

**Research Publication No. 383
December 1993**

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November 22, 1993

To Members of the Fifty-Ninth General Assembly:

Submitted herewith is the final report for the Joint Review Committee for the Medically Indigent. The committee was established pursuant to Section 26-15-107, C.R.S., to provide oversight of the medically indigent program, which is administered by the University of Colorado Health Sciences Center.

At its meeting on November 15, the Legislative Council reviewed the report of this committee. A motion to forward this report and the bill therein for consideration in the 1994 session was approved.

Respectfully submitted,

/s/ Representative Paul D. Schauer
Chairman
Legislative Council

PDS/eg

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JOINT REVIEW COMMITTEE FOR THE MEDICALLY INDIGENT

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JOINT REVIEW COMMITTEE FOR THE MEDICALLY INDIGENT REPORT

Statutory Authority and Responsibilities

Pursuant to Section 26-15-107, C.R.S., the Joint Review Committee for the Medically Indigent is responsible for providing guidance to the University of Colorado Health Sciences Center (UCHSC) in the development of the Medically Indigent (MI) program. The MI program was created to provide emergency and primary care to low income individuals who have limited or no health insurance coverage and are not eligible for Medicaid. UCHSC administers the program and is responsible for 1) contracting with health care providers to deliver services to the medically indigent, 2) promulgating regulations for the program, and 3) reporting annually to the General Assembly about the program.

Committee Activities and Findings

The committee met once during the legislative interim, on July 22, 1993. (A summary of the meeting is available from the Office of Legislative Council.) At the meeting the committee heard testimony from Mr. Steve Berman, UCHSC, outlining program characteristics. In 1991, approximately 300,000 Colorado residents were eligible for the MI program. During FY 1991-92, the program served 116,245 residents. (Fiscal year 1991-92 was the latest year for which comprehensive data on the program are available.) Services were delivered by the following providers:

- Denver Health and Hospitals;
- University Hospital;
- outstate indigent care providers (34 hospitals and 15 clinics located outside of the City and County of Denver); and
- specialty providers (4 providers who either offer unique services or serve a unique population).

The total charges for the provision of health care services to the MI population for FY 1991-92 was \$240.7 million. After subtracting copayments and third-party reimbursements, the providers were left with a cost of \$120.6 million. The state reimbursement to these providers was only \$33.3 million, meaning that providers absorbed \$87.3 million or approximately 72.4 percent of their costs. Some providers absorb the amount by shift cost-shifting to commercial insurance policies. However, hospitals that provide a disproportionate amount of care to the indigent population do not have enough commercially insured patients to effectively shift costs.

The committee heard testimony on the program funding from Linda Oberg of the legislature's Joint Budget Committee. She noted that the MI program receives both state General Funds and federal funds and that overall funding as well as the proportion of General Fund has decreased over the past several years. In FY 1989-90, program funding was \$39 million, with the General Fund contribution being \$32 million. In contrast, the program's FY 1993-94 appropriation is \$37 million with the general fund contribution at \$9 million. This decrease in general fund dollars is due to a reallocation of these monies to the Medicaid program expansion required by federal mandates. The federal funding for the MI program is called "teaching hospital adjustments," whereby the federal government upgrades the reimbursement to teaching hospitals that provide a disproportionate share of care to the indigent. Examples of providers who receive teaching hospital adjustments are Denver General Hospital and University Hospital, which together cared for about 59 percent of the medically indigent served in FY 1991-92.

Proposed Program Changes

University Hospital and Kaiser Permanente hope to increase access to primary care, preventive services, and early intervention by establishing a managed care demonstration program for MI clients by December 1993. The MI population tends to access medical services through the emergency room, which is costly. The program is expected to decrease the cost of care for this population. These changes are expected to be implemented within existing appropriations.

By July 1, 1994, the MI program is to be transferred from Health Sciences Center to the state Department of Healthcare Policy and Financing under the restructuring process authorized by House Bill 93-1317.

Committee Recommendations

The committee heard testimony stating that the MI program was effective in delivering services to a significant proportion of the state's uninsured and underinsured population, given the resources available to the program. Currently, the MI program is scheduled for repeal in July 1994. The committee decided to recommend one bill for introduction during the 1994 legislative session. **Bill 1** continues the MI program until federal or state health care reform is enacted which provides universal coverage for Colorado residents. In addition, the bill deletes from existing law the provision that specifies line-item appropriations for the program. This was based on a recommendation by the Joint Budget Committee and UCHSC.

BILL 1

A BILL FOR AN ACT

101 CONCERNING AMENDMENTS TO THE "REFORM ACT FOR THE PROVISION OF
102 HEALTH CARE FOR THE MEDICALLY INDIGENT".

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Removes the specification of providers to whom contract amounts are to be made under the "Reform Act for the Provision of Health Care for the Medically Indigent", retaining the requirement that contract amounts for services be those identified in the annual appropriations act. Deletes the specified repeal date for the act and specifies that it is the intent of the general assembly that the medically indigent program shall remain in effect until replaced with a state or federal health care reform program that assures Colorado residents access to comprehensive health care.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** 26-15-106 (6) (b), Colorado Revised Statutes, 1989
3 Repl. Vol., as amended, is amended to read:

4 **26-15-106. Responsibility of the health sciences center - provider**
5 **contracts.** (6) (a) Contracts with providers shall specify the aggregate level
6 of funding which will be available for the care of the medically indigent.

1 However, providers will not be funded at a level exceeding actual costs.
2 Each year, funds will be allocated to providers based on the anticipated
3 utilization of services in the respective region, giving due consideration to
4 actual utilization of comparable services within the program (including
5 specialty and tertiary services) in the respective region, for the prior fiscal
6 year.

7 (b) The contract amounts for the provision of services to the
8 medically indigent shall be those identified in the general appropriation bill.
9 as follows: ~~The Denver indigent care program; the out-state indigent care~~
10 ~~program; the specialty indigent care program; the university hospital indigent~~
11 ~~care program; and indigent care program administration.~~

12 **SECTION 2.** 26-15-113, Colorado Revised Statutes, 1989 Repl.
13 Vol., as amended, is amended to read:

14 **26-15-113. Article to remain in effect - intent of general**
15 **assembly.** ~~This article is repealed, effective July 1, 1994.~~ IT IS THE INTENT
16 OF THE GENERAL ASSEMBLY THAT THIS ACT SHALL REMAIN IN EFFECT UNTIL
17 SUCH TIME AS A STATE OR FEDERAL HEALTH CARE REFORM PROGRAM
18 ASSURING ACCESS TO COMPREHENSIVE CARE FOR ALL COLORADO RESIDENTS
19 IS OPERATIONAL.

20 **SECTION 3. Safety clause.** The general assembly hereby finds,

- 1 determines, and declares that this act is necessary for the immediate
- 2 preservation of the public peace, health, and safety.